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Proposal for enhancing the United Nations experience for visitors

Report of the Secretary-General

Summary

The Secretary-General hereby submits his proposal for enhancing the United Nations experience for visitors for the consideration of the General Assembly.

This proposal is aimed at modernizing and improving the experience of visitors to United Nations Headquarters. The proposal envisages the construction of new visitors' facilities at the 47th Street entrance, which is to be linked to the General Assembly building with an underground path, and the introduction of an interactive, multimedia programme of exhibits. The capital cost of the proposed new facilities and the associated initial investment in equipment for the visitors' experience, which is estimated at $50 million to $60 million, will be funded entirely from private sources, which will be treated as in-kind contributions to the United Nations. The associated improvements to the General Assembly building, which are required for the enhancement of the visitors' experience, will be carried out as part of the proposed capital master plan of the Secretary-General, as outlined in his report thereon (A/55/117). The operation and maintenance of the proposed facilities, as well as the periodic updating of exhibit equipment and software and the long-term refurbishment of the facilities donated in kind, will be the responsibility of the United Nations. It is expected that the proposed new visitors' facilities will enhance the financial viability of the guided tour programme and improve the profitability of commercial activities.

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I. Overview

1. The visitors' experience[1] at United Nations Headquarters is an important interface with large numbers of visitors who represent a broad cross-section of the global public. In the context of the Organization's ongoing efforts to renew and reform itself, these visitors provide the Organization with a tremendous opportunity for raising both its profile and the public's awareness and perception of the United Nations. The need to modernize and improve the visitors' experience, which has not been substantially altered since its inception more than 40 years ago, has long been recognized by the Organization. The present report constitutes a proposal to the General Assembly to launch a multiphased process that would lead to the establishment of an entirely new, expanded visitors' experience in line with the Organization's ongoing efforts to communicate better with the public and to present its activities and achievements more effectively.

2. The initial concept for the new visitors' experience was developed in 1998 by a team of experts engaged by the Better World Fund and was submitted to the Secretary-General for consideration. This concept was reviewed in depth and developed further by the Secretariat with the support of the outside consultants who were engaged to prepare the capital master plan. Because of its relationship to, and implications for, the proposed refurbishment of the Headquarters complex, the proposal for the new visitors' experience described herein has been prepared in close coordination with the development of the Secretary-General's proposal on the capital master plan, as contained in his report of 28 June 2000 thereon (A/55/117). That proposal was reviewed by Member States during the fifty-fifth session of the General Assembly, which, without prejudice to a final decision on the matter, authorized the Secretary-General to proceed with the preparation of a comprehensive design plan and detailed cost analysis (Assembly resolution 55/238, sect. IV). In terms of physical improvements, the proposed new visitors' experience and the capital master plan are linked, particularly in terms of proposed improvements to the existing public areas in the General Assembly building.

3. The capital cost of the proposed new visitors' experience will be entirely funded from private sources. The United Nations Association of the United States of America (UNA/USA) has offered to raise the necessary funds and provide the United Nations with in-kind contributions estimated at $50 to $60 million. The main elements of the new visitors' experience proposal consist of the construction of a new pavilion, its fit-out, a comprehensive package of interactive exhibits, and an expansion of the commercial facilities directly associated with the visitors' experience.

4. Operation and maintenance of the proposed new visitors' experience will remain the responsibility of the United Nations. The budgetary implications of implementing the new visitors' experience for the Services to Visitors' programme include an increase both in revenue and expenditures. With new visitor-dedicated facilities and an enhanced visitors' programme, it is expected that the number of visitors to United Nations Headquarters, and the number of them taking guided tours for a fee, will rise substantially. It is further expected that implementation of the new visitors' experience will make the current Services to Visitors' programme a more financially viable operation and substantially improve the profitability of commercial activities directly associated with that programme. There will be a one-time requirement to provide for certain "start-up" costs that will be incurred prior to

the opening of the new visitors' experience. Thus, while implementation of the proposed new visitors' experience has no capital cost implications, approval of the Secretary-General's proposal by Member States will have significant implications for the regular budget.

5. In order for the new visitors' experience to remain relevant and retain its attraction as a destination for tourists, it is essential that the visitors' experience be kept current and that exhibits be updated periodically. It is also necessary to address the long-term capital improvement needs of the proposed new visitors' experience. The visitors' pavilion and its facilities should be upgraded and refurbished in a timely fashion. With these future needs in mind, Member States may wish to consider establishing a visitors' experience capital improvement fund to keep in reserve a portion of revenues generated by commercial activities directly associated with the visitors' experience to meet the costs of equipment and exhibit software replacement and refurbishment costs for the pavilion and related physical facilities.

II. The concept

Introduction

6. Organizations of the United Nations system have been awarded the Nobel Peace Prize five times, and six individuals have won the award for work either in association with, or under the aegis of, the United Nations.[2] The United Nations has deployed some 50 peacekeeping and observer missions around the world and has been credited with negotiating 172 peace settlements. The United Nations has enabled people in over 45 countries to participate in free and fair elections where it has provided electoral advice, assistance and monitoring services. The United Nations system currently provides assistance to more than 19 million refugees and internally displaced persons worldwide and provides humanitarian and development assistance in spheres as wide-ranging as agriculture and health, public administration and governance in 134 countries. The United Nations system constitutes the world's largest source of grant technical assistance and provides humanitarian relief assistance to nearly 30 million people each year. Organizations within the system provide global normative and regulatory services in such disparate areas as civil aviation and postal services, and the United Nations has helped to develop global compacts in areas of critical importance such as education, the environment, population, social development and women's and children's rights.

7. The activities of the United Nations system and its many significant achievements are not always known to the public. This has an impact not only on public opinion about the United Nations but also, in some instances, on the policy stances adopted by decision makers. The activities of the United Nations system and its many other achievements are at times perceived in fragmented form by the public while, at other times, the Organization is portrayed as being ineffectual, achieving few practical results. Both of these public perceptions illustrate the need to bolster the Organization's public information capabilities in the twenty-first century to provide a holistic view of the role, work and achievements of the United Nations system and to engage the public's understanding and support for the Organization.

8. The estimated 800,000 people from all over the world who visit United Nations Headquarters each year, and the approximately 400,000[3] of them who opt

for guided tours, constitute an under-utilized means of conveying the "story" of the United Nations system to the public. The present visitors' experience has not been substantially altered since its inception some 40 years ago, while during that time the public's expectations have risen. In recognition of this, the Better World Fund submitted a proposal prepared by a team of experts to the Secretary-General to enhance the visitors' experience at the United Nations with a view to making it a more comprehensive, exciting and effective educational experience, capable of explaining the Organization's role in the world to the public. The proposal, which has been further developed by the Secretariat, is designed to increase the number of visitors to United Nations Headquarters, raise the quality and effectiveness of the Organization's public information efforts, and improve the image of the United Nations, without detracting from resources devoted to the Organization's core programme activities. The UNA/USA has offered to raise the necessary funds to cover the full construction costs of a new pavilion building, including an underground connector link to the General Assembly building, fit-out, and the purchase of essential equipment required for an interactive, multimedia programme of United Nations exhibits. Those costs are currently estimated to range from $50 to $60 million and, subject to the General Assembly's approval, would be accepted by the Organization in the form of voluntary, in-kind contributions from UNA/USA.

9. The proposal has been reviewed by the Secretariat from both the programmatic and financial viewpoints. This report addresses the practical realities and financial implications involved in implementing the proposal and constitutes a recommendation to the General Assembly on the most viable, efficient and cost-effective way to proceed should it approve the Secretary-General's recommendation that the new visitors' experience be implemented.

III. The current situation

10. The Services to Visitors' programme is managed by the Department of Public Information. The commercial activities directly associated with the visitors' experience are managed by the Commercial Activities Service, Office of Central Support Services, Department of Management (CAS/OCSS/DM), except for the United Nations Bookshop, which is managed by the Department of Public Information. No entrance fees to the United Nations public areas are charged, and visitors may view temporary exhibits on their own, or take a guided tour for a fee. Visitors entering the United Nations on a daily basis include those on official business, conference attendees and tourists. The latter are the main focus of the new visitors' experience and comprise a small number of local residents as well as domestic and international visitors to New York City. Conference attendees, business visitors and tourists currently enter by the same security checkpoint, often resulting in delays. Expansion of the 42nd Street entrance contemplated under the capital master plan will permit business visitors to enter at that entrance, rather than at the same security checkpoint as tourists.

11. Approximately 400,000 tourists take guided tours each year, and more than 20 per cent of the tours are conducted in languages other than English. Based on a daily count of all visitors, it is estimated that 50 per cent of them[4] take guided tours. A number of external tours view the grounds and sculptures, as well as the General Assembly lobby, without availing themselves of the United Nations guided tour, only utilizing the commercial facilities.

12. The guided tours operate seven days a week during the hours of 9.15 a.m. to 4.45 p.m.[5] A United Nations staff member explains the work of the United Nations and its organizations, while escorting visitors to the Security Council, the Trusteeship Council, the Economic and Social Council and the General Assembly Hall. Tours last about an hour. Because of the current limitation for security reasons on the number (15) of visitors allowed per guided tour, demand sometimes exceeds supply and tourists wishing to take guided tours are occasionally turned away.

13. Admission fees to the guided tour are at present[6] $7.50 per adult, $6.00 per senior citizen, $5.00 per student of high school age or older, and $4.00 per student in grades 1 to 8. For security reasons, guided tours are not at present allowed in Council Chambers or the General Assembly Hall when meetings are in session, depriving tourists of a sense of immediacy and a taste of the policy discussions under way.

14. Annual visitation has remained approximately level in recent years, having declined from higher levels in the late 1980s and early 1990s. A 12 per cent decline in visitors in 1993 represented a significant downturn and resulted from the suspension of guided tours during the months of September through December for security reasons. The reduction in the maximum number of visitors per tour from 25 to 15, instituted for security reasons in 1994, resulted in a further decline of 6 per cent. These changes have resulted in an increased deficit in the Services to Visitors' programme, from $347,600 in the biennium 1994-1995, to $1.6 million in the biennium 1998-1999.[7]

15. The number of visitors to the United Nations has been shown to react positively to publicity. A 6 per cent increase in visitors was experienced in 1995 in the wake of a concerted publicity campaign and extensive media coverage on the occasion of the fiftieth anniversary of the United Nations. A 5 per cent increase in visitors was also experienced in 1998 as a result of favourable coverage of the United Nations in the media and the boom in tourism in New York City.

16. It is noted that the reduction in the maximum number of visitors per guided tour has had a significant negative impact on the financial picture by both lowering the number of tourists that could be accommodated (revenue loss) and requiring an increase in the number of tour guides (increased operating expenses).

17. Approximately $150,000 to $200,000 is spent per biennium on publicizing the visitors' experience at the United Nations. This represents approximately 2 to 3 per cent of the total cost of the Services to Visitors' programme and roughly 3 per cent of the revenue from guided tours.

IV. Physical scope of the proposal

A. Making the experience interactive and educational

18. The proposed new visitors' experience is designed to capture the interest and imagination of visitors to United Nations Headquarters in New York City by imparting a sense of immediacy and importance to the issues and problems that the Organization tackles on a daily basis. This is to be achieved through the use of "live" real-time exhibits, interactive computerized multimedia presentations, Internet-based modules linked to the web pages of organizations within the United

Nations system, video presentations, and a guided tour through the main conference halls of the United Nations. Tourists would get a sense of current global developments on the day of their visit and would be greeted with facilities that provide a welcoming environment. The overall experience would retain those aspects of the current programme that provide a first-hand flavour of the Organization's work, and would be supplemented by stimulating exhibits that encourage direct visitor participation. Temporary exhibitions that are also a feature of the current programme would continue but would have improved presentation facilities. It is expected that because of the availability of additional space, the new visitors' experience will permit greater use by both international and national performing arts groups that will both entertain and stimulate the interest of visitors in different cultures from around the world.

19. The overall structure of the new visitors' experience may be envisaged as a four-part presentation, culminating in a guided tour of the meeting rooms along the general lines illustrated in the chart below. It is noted that the detailed content of the tour will be developed during the design phase described in section VIII of this report. The illustration should therefore be viewed as purely indicative at the present time.

Historic Overview of the United Nations
Visitors walk past an interactive 220-foot-long time line showing origins of the United Nations and milestones achieved
The State of the World
Entry into the lower level of the General Assembly building and an exhibit on the state of sustainable development in the world highlighting the work of the United Nations in development operations and the economic and social spheres
The United Nations in Action
Multimedia exhibits and video information booths located in basement of the General Assembly building exhibiting ways in which the United Nations is actively seized with political, humanitarian, economic and social problems and how the United Nations system works today. An interactive model of the Headquarters building
Tour of the United Nations Meeting Rooms
Full tour of the meeting rooms conducted by United Nations tour guides constitutes the culmination of the experience. Re-entry to the pavilion, access to the Gift Shop, Coffee Shop, United Nations post office counter, coat check, etc.
Flow of visitors

Components of the new visitor's experience

B. Capital construction: facilities and construction donated to the United Nations

20. The main facilities associated with the new visitors' experience, consisting of the pavilion (including an underground connector link to the General Assembly building), fit-out, and essential equipment for the interactive multimedia exhibits, will be donated to the United Nations by UNA/USA in the form of in-kind contributions. Acceptance of these contributions from UNA/USA would be subject to the following conditions: (a) the design of the pavilion will preserve the international character and nature of the Organization and will be subject to United

Nations approval; (b) the construction of the pavilion will be in harmony with existing United Nations buildings and facilities; (c) the construction specifications and construction materials will meet or exceed the quality standards established by the United Nations; and (d) it will not result in commercialization of the premises.

21. The pavilion is proposed to be constructed at the existing gate opposite 47th Street and First Avenue and would be a low building, with one story below ground. The lower level would extend south to connect with the existing first basement level of the General Assembly building. The pavilion would include facilities for screening visitors, an introduction to the United Nations, a theatre and briefing rooms, visitor services (such as coatrooms and restrooms), as well as commercial facilities. Additional commercial facilities will parallel and complement the existing food services, postal counter, Gift Centre and Bookshop in the visitors' area located in the first basement concourse of the General Assembly building. It is envisaged that some of the facilities will be altered from time to time to take advantage of new trends and themes of interest to tourists and to attract repeat visitors. The pavilion and its underground connector link with the General Assembly building would contain a series of interrelated and interactive multimedia exhibits telling the story of the United Nations from its establishment to the present day.

C. Capital construction: associated improvements under the capital master plan

22. The proposed improvements to public areas contained in the capital master plan (A/55/117, para. 49) include reconfiguration of the first basement concourse of the General Assembly building, which is the area where the underground connector from the proposed pavilion will connect with the General Assembly building. The planning for those improvements has been coordinated with that under the proposed new visitors' experience from the engineering and infrastructure viewpoints, and with respect to the sequencing and content of exhibits. The reconfiguration of the first basement concourse of the General Assembly building will significantly increase the area available for exhibits by permitting expansion into the existing storage area in the garage, and permit relocation of the existing visitor food services and restrooms. The improvements to public areas under the capital master plan are limited to the existing buildings, and are complete and comprehensive as proposed. It is noted that those improvements will be of particular importance to the new visitors' experience.

23. Two of the key attractions for visitors to United Nations Headquarters are the opportunity to see the places where historic events have occurred and the chance to observe the deliberation process among Member States. To allow this, various physical refurbishments to the existing guided tour route will be undertaken. The guided tour route within the Conference Building would be secured and access times to the Council Chambers would be increased by the introduction of clear partitions separating the visitors' galleries from the meeting areas. The view of Conference Room 4 from the General Assembly's public lobby, kept closed at present for security reasons, would be reopened.

24. The scope of the capital master plan could be affected in two areas should the proposed new visitors' experience be implemented. First, as screening of visitors would occur in the new pavilion building, the expansion of security screening at the

existing visitors' entrance, currently budgeted as part of the security improvements in the capital master plan, would not be required. Secondly, constructing an underground addition to the General Assembly building for the purpose of consolidating the information technology service spaces (ibid., para. 48) would cost less if the required excavation and foundation work could be shared between the visitors' pavilion and the underground addition. Any cost savings as a result of the foregoing will be reflected in the detailed cost analysis being prepared for the capital master plan to be submitted to the General Assembly.

V. Experiences of other institutions

25. In order to assess the probable financial implications of the physical changes proposed to the visitors' experience, the experiences of other public and private institutions that have undergone substantial changes to their visitor programmes have been examined. The likely impact of substantial improvements to the United Nations visitors' experience on the number of visitors, and on visitor-related revenues and expenditures, has been taken into account in analysing the financial and budgetary implications of the proposal to implement the new visitors' experience. This is discussed in section VI below.

26. For the purpose of providing Member States with a comparative basis for the project and its scope, benchmark studies with seven comparator institutions in the United States and one in Europe were conducted by the consultant engaged by the Organization to assist in preparing the conditions assessment of the capital master plan. The eight comparators selected are major cultural institutions that have substantially improved their visitor experiences. All of the institutions included in the study regularly improve and upgrade their facilities and visitors' programmes and have undergone major renovations within the past decade. In general, when each of the institutions significantly expanded its offerings or enhanced its visitors' experience, a trend in visitation, as described below, was observed. These findings constitute key assumptions in the design of the proposal for the new United Nations visitors' experience as well:

- A loss of visitors and revenue during the construction period;
- An increase in visitors when the new experience opens;
- A decrease in visitors 6 to 12 months after the opening, followed by a levelling off of visitors;
- A decrease in visitors if new offerings or enhancements were not added within 1 to 3 years of the opening of the new visitors' experience.

27. This pattern was found to be influenced both by actions taken by the organization concerned and by factors beyond its control. For instance, adding special events during the construction period helped to stem the decline in the number of visitors, while implementation of a promotional campaign for the opening helped to increase the number of visitors. On the other hand, a substantial reduction in the number of tourists coming to New York City would likely have a negative impact on United Nations visitation.

28. Based on the study of the comparator institutions described above and past United Nations visitation trends, a consultant engaged by the Organization

concluded that the number of visitors to the United Nations in the biennium following the opening of the new visitors' experience would reach 2.7 million, and that 2 million visitors would take guided tours. Those conclusions, which are reflected in the visitation charts, assumed that the new visitors' experience would open in January 2004. While this date may no longer be achievable, it is noted that the consultant's conclusions form the basis of the financial projections relating to the new visitors' experience contained in section VI of this report.

29. The first chart (Visitation — chart I) sets forth actual visitation figures in the biennium 1998-1999 and projected ones for subsequent bienniums if no changes are made to the existing visitors' experience. The second chart (Visitation — chart II) sets forth actual visitation in the biennium 1998-1999, projected visitation for the current biennium, the projected decrease in visitation during the construction period, and projected visitation in a subsequent biennium following implementation of the new visitors' experience. The second chart's projections are based on the following assumptions:

- Construction for the new visitors' experience will likely take 24 months;
- Construction will be managed in a manner which will result in minimal disruption of visitor-related operations;
- The conceptual plan contained in the present report is implemented without major changes;
- The maximum number of visitors per guided tour is increased from 15 to 25 as of the opening of the new visitors' experience.

Visitation
Chart I

	No change to existing visitors' experience arrangements			
	1998-99 (actual)	*2000-01 (projected)*	*2002-03 (projected)*	*2004-05 (projected)*
Total United Nations visitors	1 726 600	1 563 900	1 925 000	1 982 000
Guided tour visitors	863 300	781 950	962 500	991 000
Number of visitors per tour	15	15	15	15

Visitation
Chart II

	Existing visitors' experience arrangements		*Construction period*	*New visitors' experience implemented*
	1998-99 (actual)	*2000-01 (projected)*	*(projected)*	*(projected)*
Total United Nations visitors	1 726 600	1 563 900	962 500	2 700 000
Guided tour visitors	863 300	781 950	481 250	2 000 000
Number of visitors per tour	15	15	15	25

30. Based both on the experiences of the benchmark comparator institutions and the assumptions noted above in paragraph 29, implementation of the new visitors' experience will likely impact visitation to the United Nations as follows:

- The number of visitors will significantly decrease in the years prior to the opening of the new visitors' experience owing to disruptions caused by construction;
- The number of visitors will substantially increase following the opening of the new visitors' experience in comparison to the existing visitors' experience.

VI. Financial and budgetary implications

31. The financial and budgetary implications arising from implementation of the new visitors' experience are addressed below in paragraphs 32 to 47. The capital costs of the new visitors' experience are discussed in paragraph 32, while the implications of implementing the new visitors' experience for the operational budgets of the Services to Visitors' programme and commercial activities are addressed in paragraphs 33 to 43. The budgetary implications during the new visitors' experience's construction period and prior to its opening are discussed in paragraphs 44 and 45, whereas other implications for the regular budget in the future are discussed in paragraph 46. The Secretary-General's proposal that Member States consider establishing a visitors' experience capital improvement fund is discussed in paragraph 47.

A. Capital costs

32. As noted earlier, capital costs for implementing the new visitors' experience are estimated to be $50 to $60 million and will be met through in-kind contributions from UNA/USA, which will be responsible for raising funds in accordance with United Nations guidelines and with appropriate United Nations involvement (see section VIII) and will undertake the necessary procurement and contracting to ensure that all works are completed in accordance with United Nations-approved specifications. Voluntary contributions are to be sought by UNA/USA from, among others, individuals, corporations, foundations and non-governmental organizations. An informal preliminary assessment of the potential for mobilizing the necessary resources to meet the level of contemplated in-kind contributions required has already been undertaken by UNA/USA. It reports great enthusiasm among potential donors and has expressed confidence that the requisite resources can be mobilized. Member States may wish to note, however, that in the light of the budgetary, operational and other implications involved for the United Nations, actual commencement of construction will necessarily be contingent upon certification by UNA/USA that the necessary funds have been secured in order to permit it to make the contemplated in-kind contributions to the United Nations.

B. Budgetary implications for the Services to Visitors' programme

33. Table 1 below sets forth comparisons demonstrating the projected budgetary impact on the Services to Visitors' programme of implementing the new visitors'

experience. Column A sets forth actual operational budgets for the Services to Visitors' programme during the biennium 1998-1999, while columns B and C set forth projected operational budgets for the existing Services to Visitors' programme (column B) in comparison with projected ones for the first full biennium following the implementation of the new visitors' experience (column C). The projections under columns B and C are based on the costs of the biennium 2000-2001 and have not been adjusted to take into account future cost inflation. In reviewing the projections, Member States may wish to note that the introduction of enhanced and expanded facilities will provide an opportunity to improve the financial viability of the Services to Visitors' programme. The expanded facilities are expected to attract a greater number of visitors and result in a doubling of the number of visitors taking guided tours. Security improvements will permit an increase in the number of visitors per guided tour from the current 15 to 25. Guided tour ticket prices, which have historically been subject to periodic increases, can be set at appropriate levels to support the operation. The expanded facilities will also require additional human resources to interact, inter alia, with visitors in the new theatres, supervise volunteers, manage amenities, operate and update the exhibits and information facilities, and maintain and change/upgrade the electronic equipment and the interactive exhibits and activities. Funds will also need to be spent on a continuous basis to promote the United Nations as an important destination for tourists. The net result is expected to be a change from the current situation in which expenditures exceed revenues, to a situation where revenues and expenditures are balanced, and the programme is financially more viable.

Table 1
Services to Visitors
Comparative operational budgets
(United States dollars)

	Existing visitors' experience	*Existing visitors' experience*	*New visitors' experience*
	1998-1999 (actual) Column A	*2000-2001 (projected) Column B*	*First full biennium (projected) Column C*
Revenue	4 964 000	5 561 100	15 800 000
Expenditures	(6 534 000)	(6 783 600)	(15 300 000)
Net income/(loss)	(1 570 000)	(1 222 500)	500 000

34. Implementation of the new visitors' experience is projected to result in a significant increase in revenue for the Services to Visitors' programme. In comparison with revenue of $4.9 million in the biennium 1998-1999, revenue is projected to be nearly $15.8 million if the new visitors' experience is implemented (see table 1, columns A and C). The projected $15.8 million in revenue is attributable to a large increase in the number of visitors taking guided tours and higher guided tour ticket prices, which are further discussed below. As reflected in Visitation charts I and II, it is projected that the number of visitors who will take guided tours following implementation of the new visitors' experience will reach a level of 2 million per year after its opening, followed by a modest levelling off beginning 6 to 12 months thereafter. That substantial increase is projected to be

reached for four reasons: first, the availability of new and expanded facilities for the visitors' experience; second, the improved offerings of the new visitors' experience programme; third, greater use of advertisement and promotional campaigns to attract tourists into visiting United Nations Headquarters; and fourth, security improvements which will permit the number of visitors per guided tour to be increased from the present 15 to 25.

35. The revenue projections are based on the assumption of guided tour ticket prices of $10.00 (adult), $7.50 (senior citizen), $6.00 (student) and $5.00 (child). At present, prices are $7.50 (adult), $6.00 (senior citizen), $5.00 (student) and $4.00 (child). As a basis for comparison, Member States may wish to note that the benchmark studies of the comparator institutions reveal that some do not charge entrance fees, while ticket prices for those which do vary and are multi-tiered, depending, inter alia, on whether the visitor wished to limit the visit by attraction (e.g., a singular exhibit at a museum) or time (e.g., take tours after 3 p.m., when ticket prices are discounted), or purchase combination tickets at institutions that offer multiple attractions. Ticket prices for adults at the comparator institutions in 1999 were as high as $13.50. Taking the foregoing into account, and bearing in mind the offerings of the new visitors' experience, the guided tour ticket prices for the new visitors' experience are considered realistic.

36. Member States may wish to note that the projected revenue is sensitive to a number of factors, including the number and "profile" (i.e., adult, senior citizen, student, child) of persons taking guided tours, guided tour ticket prices and unpredictable changes to the local and international economies and tourist trends. In any event, the operational budgets for the Services to Visitors' programme will require refinement to take into account relevant decisions of the Member States on the Secretary-General's recommendation to implement the new visitors' experience and the elaboration of the scope of the new visitors' experience to be established with greater specificity during the design phase described in section VIII below.

37. As indicated in table 1, expenditures for the Services to Visitors' programme are projected to increase from $6.5 million in the biennium 1998-1999, to $15.3 million during the first biennium following implementation of the new visitors' experience. The increase in expenditures is due to several factors: first, the need to engage additional personnel (both staff and contractor) to provide new services to the visitors' experience, including 11 tour guides for the two theatres, two tour guides to support the exhibits area, and temporary staff for the new coat-checking facilities; an additional five personnel (staff or contractor) will be required to manage and update exhibit content, while a further three personnel will be needed to handle the electronic maintenance of the exhibits; second, additional expenditures, primarily for additional staffing, will be incurred in supporting and servicing the more than 100 per cent increase in visitors taking guided tours (see Visitation, charts I and II); third, additional expenditures for promoting and advertising the new visitors' experience, which is budgeted at the industry norm of 9 per cent of projected gross revenue; and fourth, the cost of maintaining exhibits and audio-visual hardware, which is budgeted at 10 per cent of its initial capital cost.

38. According to present projections, the net effect of the increase in both revenues and expenditures under the new visitors' experience will be to transform Services to Visitors from a programme that operated with a budget deficit of $1.6

million in the biennium 1998-1999,[8] to a more financially viable one once the new visitors' experience is operational.

C. Budgetary implications for commercial activities

39. Table 2 below sets forth comparisons demonstrating the projected budgetary impact of implementing the new visitors' experience on commercial activities directly associated with the visitors' experience. Column A sets forth actual operational budgets for the biennium 1998-1999, while columns B and C set forth projected operational budgets for the existing commercial activities (column B) in comparison with projected ones for the first full biennium following implementation of the new visitors' experience (column C). In order to more clearly show the effect of the new visitor experience's implementation, the projections under columns B and C are based on the costs of the biennium 2000-2001 and have not been adjusted to take into account future cost inflation.

40. The projections indicate that commercial activities' revenue will increase from a projected $7.7 million in the biennium 2000-2001, to $11.2 million following implementation of the new visitors' experience (see table 2, total revenue, columns B and C). The projected increase in revenue is considered conservative in that, for each commercial activity, it is assumed that visitor spending per capita will remain at the level of the biennium 2000-2001. The projected revenue increase to $11.1 million is based on the substantial increase in the number of visitors coming to the United Nations, which is expected to reach 2.7 million following implementation of the new visitors' experience (see Visitation, chart II, fourth column). The increase in visitors will be supported by an expansion of commercial activities' space, which will be increased from 14,700 square feet to 19,400 square feet.

41. For the reasons explained below, each of the commercial activities has unique aspects, which Member States may wish to note in reviewing the revenue and expenditure figures set forth in table 2 below:

(a) The Bookshop figures for the biennium 1998-1999 do not fully reflect the sales potential of this activity, as the Bookshop was closed for four months for construction during that biennium.

(b) Postal counter income and expenditures are not at present tracked separately from other postal administration activities in New York. Accordingly, the figures under table 2, column A, represent an estimated allocation of a portion of total revenue and expenditures in New York directly associated with the visitors' experience.

(c) Both postal counter and Bookshop expenditures include the cost of materials. The postal counter expenditures also include payments made to the United States Postal Service to service mail dispatched from the United Nations postal counter located in the visitors' area.

(d) Both the Gift Centre and the Coffee Shop are entirely outsourced, with expenditures being the responsibility of the engaged vendors. Revenue is the payments received by the United Nations from the vendors, which is based on a percentage of sales. Revenue for the Coffee Shop is not currently tracked separately from the overall catering operation at United Nations Headquarters, and the revenue figure shown in table 2, column A, is an estimated allocation from total revenue

derived from that operation. The Coffee Shop is the only commercial activity for which revenue is projected based on the number of visitors taking the guided tour, rather than the total number of visitors entering the facility. This is because visitors not taking the guided tour are more likely to utilize other, non-United Nations food service facilities, while the Coffee Shop is largely patronized by visitors who take the guided tour.

(e) As noted earlier, commercial activities' space will expand to accommodate the increased number of visitors. The projected revenue and expenditures pertaining to the expanded retail facilities in the new visitors' experience are included in the Gift Centre figures, while those pertaining to the contemplated new food services are included in the Coffee Shop figures (see table 2, column C).

42. As indicated in table 2, expenditures for commercial activities will increase from a projected $3.7 million if the visitors' experience remains unchanged, to a projected $5.2 million if the new visitors' experience is implemented. The increase in expenditures is due to the need to engage additional sales and management staff to service the increased number of visitors and sales transactions. The increase in expenditures will be offset by an increase in revenue, resulting in a significant financial improvement in the biennium following the opening of the new visitors' experience.

43. A decision by Member States to implement the new visitors' experience would provide the Organization with a unique opportunity to take measures to improve the profitability of commercial activities. Possible measures include expanding the current lines of business to include different types of retail facilities that are linked, for example, to particular exhibits or themes depicting the organizations of the United Nations system in action. The types of food services available in the visitors' pavilion could also be varied and contracted for on a separate profit-sharing basis from those facilities made available to members of delegations and staff in the existing complex. Indeed, consideration could be given to adopting a two-pronged approach in the visitors' pavilion whereby one food service facility could be targeted to providing food service to visitors, while another facility could be targeted to a more "upscale" clientele that would provide international food service for evening diners that offered a view of the East River. Other measures, including managing commercial activities separately from other core activities of the Secretariat and making better use of information systems and the Internet to facilitate commercial activities, are identified in the report of the Secretary-General on proposed measures to improve the profitability of the commercial activities of the United Nations (A/55/546 of 8 November 2000). It was considered by the Advisory Committee on Administrative and Budgetary Questions, which decided, as requested by the Secretary-General, to consider that report in conjunction with the present one (A/55/7/Add.1, para. 39). The Secretary-General suggests that he submit more detailed proposals on improving the commercial activities following a decision by Member States on whether to implement the new visitors' experience.

Table 2
Commercial activities directly associated with the visitors' experience
Comparative operational budgets
(United States dollars)

	Existing visitors' experience	*Existing visitors' experience*	*New visitors' experience*
	1998-1999 (actual) Column A	*2000-2001 (projected) Column B*	*(projected) Column C*
Bookshop*			
Revenue	2 600 000	3 400 000	4 800 000
Expenditures	(2 100 000)	(2 500 000)	(3 500 000)
Net income/(loss)	500 000	900 000	1 300 000
Postal counter			
Revenue	2 300 000	2 400 000	3 500 000
Expenditures	(1 200 000)	(1 200 000)	(1 700 000)
Net income/(loss)	1 100 000	1 200 000	1 800 000
Gift Centre*			
Revenue to United Nations	1 700 000	1 800 000	2 700 000
Expenditures	0	0	0
Coffee Shop			
Revenue to United Nations	70 000	80 000	170 000
Expenditures	0	0	0
Total revenue	**6 670 000**	**7 680 000**	**11 170 000**
Total expenditures	**(3 300 000)**	**(3 700 000)**	**(5 200 000)**
Net income/(loss)	**3 370 000**	**3 980 000**	**5 970 000**

* Rounded from the regular budget of the biennium 2000-2001.

D. Budgetary implications during the construction period and prior to the opening of the new visitors' experience

44. As noted earlier, during the construction period for the new visitors' experience it is projected that the United Nations will experience a significant decrease in the number of visitors. Indeed, it is expected that the guided tour operation may need to be suspended in its entirety for a period of about one year. Taking into account the impact such a suspension would also have on commercial activities directly associated with the visitors' experience, the loss of revenue for the Organization is projected at between $9 and $10 million during the construction period. In this connection, it should be noted that revenue loss will occur in any event during any capital master plan construction. Every effort will be made to mitigate that projected loss through the coordination of construction under the new visitors' experience and the capital master plan, the temporary redeployment of affected staff to other functions, and the exploration of other arrangements that may

allow some of the commercial activities to continue operating, albeit on a limited basis.

45. In order for the new visitors' experience to be launched, certain "start-up" costs will need to be incurred. This would primarily involve engaging additional personnel prior to the opening who would undergo training in order to be prepared to service the new visitors' experience when it opens. The estimated cost is $1 million, which mainly consists of personnel costs. In addition, there will be a need for a sustained advertising campaign of six months' duration prior to the opening of the new visitors' experience, which is considered critical for success. It would need to be carried out during the construction period when revenues from the visitors' experience programme will be reduced. Based on tourist industry norms, which reflect that 9 per cent of gross revenue is used for ongoing advertising purposes, the net additional cost of such a campaign is estimated to be $600,000. In total, the projected one-time start-up costs for the regular budget is $1.6 million.

E. Other implications for the regular budget in the future

46. It is projected that with the addition of the new pavilion building, maintenance and operation costs pertaining to that building will increase. It should be noted, however, that this additional cost will be offset by the benefit to be derived from the security efficiencies that can be implemented once the pavilion is available and can be used for security screening.

F. Visitors' experience capital improvement fund

47. From the point of view of revenue and income potential, and in its ability to attract external contributions to meet capital costs from non-traditional sources, the proposed new visitors' experience is attractive. Indeed, as previously noted, the estimated $50 to $60 million in capital costs will not be a burden to Member States. However, like the present one, the new visitors' experience will be a United Nations responsibility that will entail certain recurrent and capital costs. To help meet those costs, and with a view to maintaining the new visitors' experience's future relevance and vitality as an attraction to the public, the Secretary-General considers that it would be prudent for Member States to consider establishing a visitors' experience capital improvement fund. If established, the Secretary-General proposes that the Fund retain 20 per cent per biennium, but not more than $3.5 million, from the gross revenues of commercial activities directly associated with the new visitors' experience. A portion of the Fund will be used to meet certain recurrent requirements, such as to replace exhibit equipment and software. The balance of the biennially retained amount will be kept in reserve, to help provide for long-term capital cost refurbishments, which would otherwise have to be entirely provided for in future regular budgets. The Fund would be subject to the normal financial reporting mechanisms and audits.

VII. Other matters

A. Improved efficiency in handling visits by tourists and business visitors

48. Construction of the pavilion and other changes will facilitate separating tourists from other visitors to the United Nations, thereby considerably reducing the delays currently being experienced because of long queues at the common security check for all visitors entering the United Nations Headquarters premises. The new pavilion will have a significantly expanded security screening capacity in order to accommodate peaks in visitor attendance and major conferences. Introduction of "pre-purchasing" of timed guided tour tickets will also ease congestion. Under the security improvements in the capital master plan, a security screening capacity would also be introduced at the 42nd Street entrance. The security screening facilities for tourists and conference attendees at the new visitors' pavilion will not be required to accommodate business visitors. This arrangement will facilitate efficient security screening and reduce waiting time for all categories of visitors.

B. Improved security

49. Security for the main buildings of the United Nations[9] will be improved since the availability of the pavilion will permit the initial security checks for most visitors to be conducted in that building rather than, as at present, in the public lobby of the General Assembly building. Combined with proposed improvements of existing facilities included within the scope of the capital master plan, these changes will allow the number of tourists permitted per guided tour to be increased from the present 15 to 25. Moreover, it is anticipated that the security improvements will reduce the number of security officers presently needed to safely secure the visitors' experience, thereby permitting their redeployment to more critical duties.

C. Role of organizations of the United Nations system regarding the new visitors' experience

50. It is expected that the new visitors' experience, with the ability to provide a comprehensive programme of exhibits and use interactive techniques and multimedia to convey information to the public, will draw upon the experiences of organizations within the United Nations system and utilize thematic examples of the "UN in Action" for purposes of developing exhibits for the new visitors' experience. To facilitate this, the Secretary-General contemplates establishing an exhibits committee composed of concerned United Nations departments and the United Nations funds and programmes, which would make suggestions concerning the programme of exhibits and activities for the visitors' experience in order to convey the United Nations system's message and purpose to the world public. Bearing in mind the pivotal role played by UNA/USA in the development of the new visitors' experience, and in view of the importance of bringing a visitor's perspective to the discussions, it is the Secretary-General's intention to invite UNA/USA to serve as an adviser to the exhibits committee. The Secretary-General also intends to invite prominent persons from the diplomatic, communications and arts communities to

serve as advisers with a view to their contributing ideas to the exhibits committee on how best to carry out its responsibility.

VIII. Management action

A. Future steps

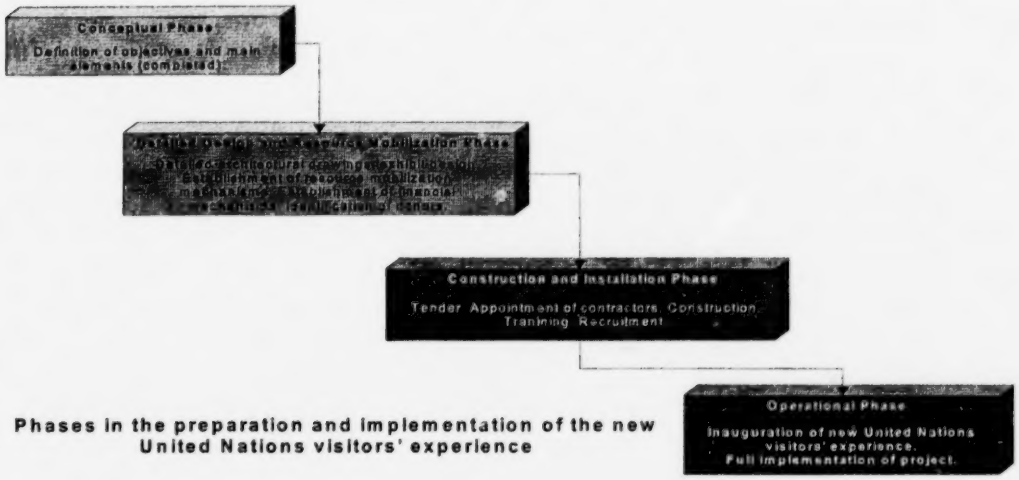
51. The present report has been prepared at the end of the conceptual phase for the new visitors' experience, which involved defining its main components and undertaking a pre-feasibility study of the elements outlined in the conceptual proposal submitted to the Secretary-General by the Better World Fund.

52. The next phase would be design and resource mobilization. Subject to the General Assembly's decision on whether to implement the new visitors' experience, UNA/USA would launch an initial fund-raising campaign in close consultation with the Secretariat. This would be followed by schematic design, including the sequencing and detailing of the individual exhibits, the architectural concepts of the new pavilion, and updating by the Secretariat of the estimated staffing and other requirements. When the schematic design is complete and approved by the Secretariat, a fund-raising committee will be formed by UNA/USA. An extensive fund-raising campaign will be initiated by the fund-raising committee in order to mobilize resources for the preparation of detailed architectural and engineering documents, and the construction work.

53. Once the necessary funds have been secured by UNA/USA, the construction and installation phase follows, during which time tenders would be issued by the construction coordination committee for general contractors, professional services and equipment, and the actual construction and installation of components of the new visitors' experience would commence.

54. During the design and fund-raising phases, the entire scheme will be managed in the form of a project. The Department of Management will take the lead on the part of the Secretariat to manage all construction activities associated with the capital master plan, subject to its approval by the General Assembly. Oversight of the installation of the in-kind contributions from UNA/USA will also be handled by the Department of Management, in consultation with the Department of Public Information and other departments. The Department of Management will participate as an ex officio member on the fund-raising and construction coordination committees to be established by UNA/USA in order to ensure, among other things, that resource mobilization is in line with relevant United Nations policies, that the standards of construction are acceptable and in accordance with United Nations specifications, and that work relating to the new visitors' experience is fully coordinated with that to be performed under the capital master plan.

55. The illustration below depicts the various phases involved in the preparation and implementation of the new visitors' experience:


Conceptual Phase
Definition of objectives and main elements (completed)
Construction and Installation Phase
Tender. Appointment of contractors. Construction. Training. Recruitment.
Operational Phase
Inauguration of new United Nations visitors' experience.
Full implementation of project.

Phases in the preparation and implementation of the new United Nations visitors' experience

56. As reflected in this report, in financial, budgetary and operational terms, the proposal to implement a new visitors' experience is somewhat of a departure from how the Organization provided such a service to the public in the past. However, the Secretary-General is of the view that different approaches need to be considered for meeting the requirements of the United Nations in the twenty-first century. With the assistance and generosity of the private sector, the Organization is presented with an opportunity to modernize an important programme activity of use to all organizations of the United Nations system. For these reasons, the Secretary-General recommends that Member States authorize him to accept the in-kind contributions from UNA/USA and implement the new visitors' experience.

B. Action requested of the General Assembly

57. The Secretary-General recommends that, having considered the present report, the General Assembly:

(a) Endorse the concepts and parameters of the proposal for a new United Nations visitors' experience as set forth in this report;

(b) Authorize the Secretary-General, in close coordination with prospective donors, to proceed with the proposed new visitors' experience;

(c) Request the Secretary-General to report to the General Assembly at its fifty-seventh session on the progress made in implementing the new visitors' experience and developing his detailed proposals on improving the profitability of commercial activities.

Notes

[1] The visitors' experience currently consists of the guided tour, temporary exhibits, and commercial activities directly associated with the visitors' experience, including the Bookshop, postal counter, Gift Centre and Coffee Shop.

[2] The Nobel Peace Prize was awarded to the Office of the United Nations High Commissioner for Refugees (UNHCR) in 1954 and 1981; the United Nations Children's Fund in 1965; the International Labour Organization in 1969; and the United Nations Department of Peacekeeping Operations in 1988. The prize was also awarded to: Cordell Hull, ex-Secretary of State of the United States of America, for his leadership in establishing the United Nations; Lord John Boyd Orr, First Director-General of the Food and Agriculture Organization of the United Nations, Ralph Bunche, the United Nations Mediator in Palestine; Lester Pearson, President of the seventh session of the General Assembly, particularly for his role in the Suez Canal crisis; Dag Hammarskjöld, Secretary-General of the United Nations, for his role in the Congo; and Sean MacBride of UNHCR for assistance to European refugees.

[3] Combined figures received from the Security and Safety Service of the Office of Central Support Services and the Guided Tours Unit of the Department of Public Information.

[4] This figure is based on the total number of visitors who pass through the magnetometers at the security check in the visitors' entrance. The figure includes business and some official visitors.

[5] During the low season (January and February) there are no guided tours on weekends.

[6] The adult ticket price was last increased by $1.00 in 1997; ticket prices for senior citizens, students and children were increased by $.50 in year 2000. Since 1989, ticket prices for adults, who comprise 47 per cent of all visitors who take guided tours, have been increased as follows: 1989: $4.50; 1990: $5.50; 1992: $6.50; 1997: $7.50.

[7] *Official Records of the General Assembly, Fiftieth Session, Supplement No. 6* (A/50/6), vol. II, income section 3, table IS 3.41, "Estimates of gross and net revenue from services to visitors".

[8] The Department of Public Information is currently considering an increase in guided tour ticket prices in order to deal with the deficit.

[9] The entrance at 42nd Street used by staff will, under the capital master plan, be expanded to serve visitors with business in the Secretariat.